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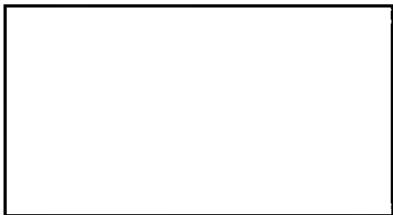
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NATIONAL INTELLIGENCE DAILY CABLE

Friday 13 January 1978 CG NIDC 78/010C



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NATIONAL SECURITY INFORMATION
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National Intelligence Daily Cable for Friday, 13 January 1978.

The NID Cable is for the purpose of informing senior US officials.

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Nicaragua

Czechoslovakia
Japan

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FRANCE: Gaullist Politicking

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[redacted] The French Gaullists, stung by signs that their nominal allies are working together to reduce the Gaullist preponderance in the governing majority, announced on Tuesday that in the first round of the March legislative election they will run candidates in some constituencies where the governing coalition earlier agreed on a single non-Gaullist candidate. The Gaullists are still committed to supporting the best placed candidate of the coalition in the second round, however, and the show of discord may not seriously affect the governing coalition's overall chances in the election.

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[redacted] The Gaullists will doubtless try to minimize the chances that any seats will be lost to the Left, although their move increases the possibility of a loss through miscalculation. The controversy is a reminder of the internal tensions that will bedevil the coalition both before and after the election.

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[redacted] Of the 491 assembly seats, the coalition had agreed on jointly supported candidates for about 120. Half of these were Gaullists; the other half were divided between President Giscard's Republicans, the centrists, and other small parties on the right. In about 300 constituencies, the coalition had been planning to field more than one entry in the first round in the belief that multiple candidacies would generally maximize chances of victory. In some cases, the coalition planned as many as four candidates.

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[redacted] The non-Gaullists, mainly the Republicans and centrists, however, also want to avoid competition among themselves that would weaken their candidates' chances of winning the 12.5 percent of the first round votes needed to run in the second round. They decided to run joint candidates in the 300 constituencies where they had been planning a free-for-all.

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[redacted] The non-Gaullists hope these joint candidacies will enable them to place ahead of Gaullists in some districts and thereby to earn the right to be the coalition's only candidate in the final round. The Gaullists correctly saw the move as another effort to try to reduce their strength.

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[redacted] Spokesmen for the governing coalition and Gaullist leader Jacques Chirac are playing down the Gaullist move. Chirac has called it a sign of disagreement over electoral tactics but not over policy positions.

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[redacted] The Gaullists are emphasizing their candidates' continued commitment to step aside before the second round if another coalition representative has a better chance for final victory and have said they do not intend to field candidates in all races.

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[redacted] Chirac's comments and his spokesmen's remarks, however, leave only a slight opening for further negotiation. Prime Minister Barre, who called the Gaullist decision a "campaign incident," has said the other coalition members will meet soon to evaluate the situation.

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[redacted] If the bitterness within the governing coalition does not alienate voters on the second round, the Gaullist tactic should not affect majority chances. It may improve the Gaullist showing, however, and it once again dramatizes Chirac's intention to keep parliamentary control over a future governing majority, should the governing parties win the March election.

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ZAMBIA: Possible Closing of Mines

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[redacted] Zambian President Kaunda this week said he might close some of his country's copper mines in an effort to boost world copper prices. He apparently hopes that such action would increase Zambia's foreign exchange earnings and help arrest the country's worsening economic decline. Zambia may, nonetheless, have to rely on foreign assistance this year, including an International Monetary Fund loan that would call for stringent controls.

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[redacted] If Kaunda does close some mines, he will try to keep layoffs of miners to a minimum and attempt to absorb unemployed miners in the agricultural sector. The copper belt is Zambia's most politically sensitive region, and Kaunda will not risk losing more support in the area with a national election scheduled for later this year. He is already facing domestic criticism for giving too little attention to Zambia's economic problems while he concentrates on Rhodesian matters.

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[redacted] Zambia argued unsuccessfully for a 15-percent cut in world copper output at the meeting last month of the Intergovernmental Council of Copper Exporting Countries. There are more than 2 million tons of unsold copper depressing the market.

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[redacted] Failing an improvement in the copper market, Zambia will need at least \$300 million in foreign assistance this year. Zambia may agree to impose stringent controls in return for a \$200 million, three-year IMF standby arrangement.

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[redacted] IMF guidelines include reductions in government spending and consumer subsidies, and employment cuts in the civil service, government run firms, and mining. Zambia ignored similar guidelines last year and as a result ran a budget deficit of almost \$330 million for the second year in a row. [redacted]

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UK: Victory Against Inflation

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[redacted] //British Prime Minister Callaghan scored a major victory yesterday in his fight against inflation, as striking British firefighters accepted the government's wage offer and agreed to return to work. Acceptance of the settlement is a strong signal to other unions that have not come to terms with the government.//

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[redacted] //The agreement, which gives the firefighters an immediate 10-percent pay increase and 20 percent more over the next two years, was approved by nearly a 3-to-1 majority. The original demand had been for an immediate 30-percent pay increase.//

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[redacted] //Since several important wage settlements last fall, the government generally has been able to hold its own against the labor unions--a situation radically different from just a few years ago. In December, the large civil service manual workers' union, the first of the public employee groups to settle, agreed to limit its wage increase to 10 percent. The powerful coal miners' union apparently will be unsuccessful in its bid for a 90-percent increase.//

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[redacted] //The firefighters' cause also suffered because the Trades Union Congress, which supports the government's anti-inflation struggle, would not throw its support behind the union. It had been very difficult for the strikers to maintain the public's sympathy as inexperienced soldiers were called in to do the job. Finally, lacking a strike fund, the union had to capitulate.//

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[redacted] //These lessons are being taken seriously by other unions that must still negotiate settlements. The large electric power workers' union has just begun talks with the government, and other civil service unions will begin shortly.//

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[redacted] //The government's victory enhances the prospect that its economic package will remain intact until the parliamentary election later this year or early in 1979. [redacted]

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JAPAN-USSR: Bilateral Relations

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[redacted] Japanese Foreign Minister Sonoda's talks in Moscow, which ended on Wednesday, failed to produce any movement on the outstanding territorial problem or to break new ground in bilateral economic relations.

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[redacted] As in their last annual foreign ministers' meeting, in 1976, the two sides did little more than reiterate their mutually contradictory positions on the Northern Territories, the four island groups off northeastern Japan that were occupied by the USSR in the closing days of World War II. Indeed, differences over the territorial problem caused Sonoda and Soviet Foreign Minister Gromyko to abandon the effort to work out a joint communique after the meeting.

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[redacted] Japan maintains that negotiating the return of the islands is a precondition to concluding a bilateral peace treaty, and Sonoda reportedly pressed for Soviet agreement to discuss the problem. Both Gromyko and Soviet Premier Kosygin, however, refused even to acknowledge the issue; instead, the Soviets again offered to conclude a "good neighbor" treaty that would sidestep the territorial dispute, but Japan again refused.

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[redacted] On economic issues, the two sides apparently confined themselves to a general review of the prospects for the continued steady growth in bilateral trade and the current status of Japanese investment in Soviet Siberian development programs. Over the last few years, Japan has been cool to Soviet interest in increased Japanese investment. Japanese business and government leaders have previously suggested that improvements in the political climate--by which they mean Soviet flexibility on the Northern Territories--must occur before that attitude changes, an approach Sonoda may well have adopted this week.

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[redacted] With the foreign ministers' meeting now over, Prime Minister Fukuda is likely to turn his attention to relations with China, a topic he has cited as a priority for this year. Gromyko and Kosygin reportedly reiterated to Sonoda that bilateral relations would be impaired if Japan agreed to include the implicitly anti-Soviet "anti-hegemony" clause in the pending Chinese-Japanese peace and friendship treaty.

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[redacted] Fukuda has nevertheless publicly emphasized that he wants to reopen negotiations on the treaty soon. Fukuda may well emphasize that the latest Soviet message to Sonoda will not deter Japan from seeking further accommodation with China. In 1976, Prime Minister Miki rebutted the same Soviet warning during Gromyko's visit to Tokyo by stressing his desire for progress in Chinese-Japanese talks. [redacted]

NEW ZEALAND - US: Nuclear Policy

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[redacted] //New Zealand's opposition Labor Party is trying to stir up active opposition to the visit next week of a US nuclear-powered submarine to Auckland. An antenna on the US naval antarctic research facility in New Zealand has already been slightly damaged in a protest against the visit. Public concern over nuclear leakage has waned, however, and any disruption of the submarine's port stay would only reduce the Labor Party's already low public standing.//

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[redacted] //Labor leader Rowling has asked President Carter to call off the visit of the nuclear submarine on the grounds that the visit would cause "unnecessary erosion" of good will. During Labor's three years in office, from 1972 to 1975, its strong antinuclear policies had considerable public support. Prime Minister Muldoon, however, has largely convinced the New Zealand public that its fears of nuclear leakage were exaggerated and that the valued military alliance with the US would be weakened if New Zealand denied port access to the most advanced US ships.//

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[redacted] //Muldoon lifted Labor's ban on port calls by nuclear-powered ships after his National Party government came into office in 1975. Leftist trade unions closed the port of Wellington and halted the vital ferry service between New Zealand's two main islands when the first US nuclear-powered

vessel put into port in August 1976. Disruptions of this magnitude during next week's port call, the first in over a year, are not likely. Even radical trade unionists are having difficulty stirring up opposition to the visit.

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ECUADOR: Constitution Referendum

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Ecuadoreans will go to the polls on Sunday to vote on a new constitution. Which of the two drafts is chosen is far less significant than the referendum itself, which could give impetus to President Poveda's plan to return the country to civilian rule by the end of the year. Voter apathy, mishandling of registrations, and an organized effort to get voters to cast void ballots, however, could call the referendum results into question. This would provide ammunition to individuals, both military and civilian, who are working behind the scenes to prevent a return to constitutional government.

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The 1.6 million eligible voters will be asked to choose between a new draft and a revision of the present constitution, which has been in effect since 1945. There is little difference between the two, but most political parties favor the new draft, which they consider somewhat more progressive. The constitution selected is supposed to come into force after the inauguration of a president elected in July.

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Government attempts to generate interest in the balloting have been hampered both by public ignorance of the significance of the referendum and by the general lack of enthusiasm for one constitutional draft over the other. There have been almost no effective get-out-the-vote campaigns by the political parties.

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Serious complications could arise at the polls because of faulty preparation of the voting lists. Many eligible voters--reportedly including former President Galo Plaza, who heads the election tribunal--have been left off the lists. In Guayaquil, Ecuador's major port city, an estimated 40 percent of those eligible may be denied the right to vote.

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The most worrisome problem from the government's point of view has been the campaign by some political parties to encourage voters to void their ballots. These parties,

which have condemned the democratization program as too slow and indirect, evidently believe that a massive void vote would force the government to surrender power either to a constituent assembly or a transitional civilian presidency.

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[REDACTED]

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[REDACTED] A sizable void vote or very low voter participation would reinforce assertions that Ecuadoreans are unprepared for civilian rule, but even an indecisive margin for either constitutional draft--providing there is a large voter turnout--probably would allow the President to claim an initial victory for his democratization program. [REDACTED]

BRIEFS

Nicaragua

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[REDACTED] The murder of Nicaraguan newspaper editor Pedro Chamorro, long a symbol of opposition to the Somoza family, has seriously embarrassed President Somoza and created a tense atmosphere that could lead to more violence.

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[REDACTED] It seems unlikely that Somoza would have engineered the killing and made a martyr of an opponent who, despite his vocal criticism, was no real threat. It is conceivable that Chamorro was killed by left-wing guerrillas, who for years have sought to overthrow Somoza and may hope to blame the government.

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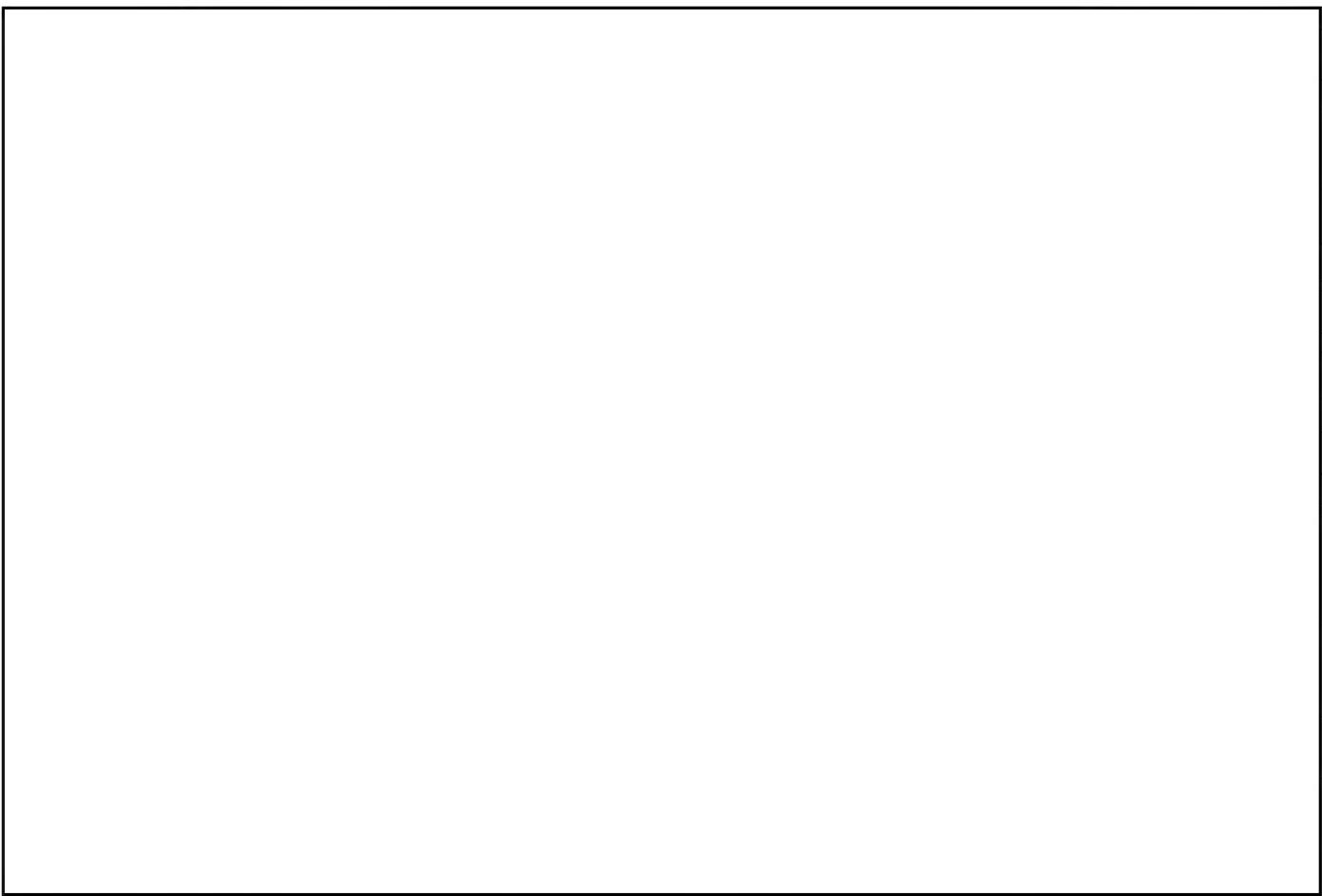
[REDACTED] Rioting brought the National Guard into the streets Wednesday night, and violence flared again last night when demonstrators attacked the Somoza family newspaper. Government troops have so far judiciously avoided heavy-handed methods although overreaction at any point could lead to renewed rioting.

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Czechoslovakia

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[redacted] The Czechoslovak Supreme Court yesterday sustained the mid-October conviction of four dissidents on a variety of anti-state charges, but it did reduce the prison term given the main defendant, Ota Ornest, from three and a half to two and a half years. The sentences given the other dissidents--a three-year prison term and two suspended jail sentences--were not changed.

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[redacted] Ornest's sentence was reduced apparently because he has cooperated with the authorities. Since October, he has twice appeared on Czechoslovak television, to admit his guilt and to reject Western assistance. Prague probably calculates that the court's action will underscore the regime's readiness to jail individuals when necessary, as well as its willingness to be lenient toward those who cooperate. [redacted]

Japan

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[redacted] Japan is planning to establish a resource satellite program to aid its fishing industry. Six satellites will collect data on such factors as the temperature of the seawater, current movements, and wind velocities. The first satellite will be launched in 1983; all equipment used in the project will be developed in Japan.

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[redacted] The use of satellites is another in a series of steps taken by Japan to aid its fishing industry, which has been hard hit by the proliferation of 200-mile fishing zones in recent years. About one-third of the Japanese fish catch has come from foreign waters. Recent quotas imposed by the US, the USSR, and other nations, however, have substantially cut Japanese exploitation in these waters.

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[redacted] Japan--the world's leading fishing nation with catches averaging over 10 million tons annually since 1972--relies more heavily on fish for animal protein than any other developed country. Consumption of fish products accounted for more than half the animal protein in the average diet in 1975, compared to less than 5 percent in the US. [redacted]

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